

Message Text

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67

ORIGIN EA-09

INFO OCT-01 EB-07 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15

USIA-06 AID-05 COME-00 FRB-03 TRSE-00 XMB-02 OPIC-03

CIEP-01 LAB-04 SIL-01 OMB-01 STR-04 AGR-05 SSO-00

/104 R

DRAFTED BY E:RMPOATS/EA/J:DFSMITH:BCL

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EUR/SOV-WILLIAM EDGAR

S/S-O:JLHOGANSON

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R 130206Z SEP 76

FM SECSTATE WASHDC

TO AMEMBASSY TOKYO

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 218723

E. O. 11652: GDS

TAGS: EAGR, JA, UR

SUBJECT: JAPANESE INQUIRY ABOUT US-SOVIET GRAIN NEGOTIATIONS

1. JAPANESE EMBOFF ASKED POATS SEPTEMBER 10 ABOUT GRAIN AGREEMENT USG WILL BE DISCUSSING WITH SOVIETS, NOTING THAT STATEMENTS BY ADMINISTRATION OFFICIALS ON SUBJECT HAD APPARENTLY CAUSED CONCERN IN TOKYO. IN PARTICULAR HE INQUIRED WHETHER US HAD IN MIND "GENTLEMEN'S AGREEMENT" BETWEEN US AND JAPANESE AGRICULTURE MINISTERS, WHICH ONLY SET TARGETS WITHOUT FORMAL COMMITMENT, OR MORE FORMAL AGREEMENT. HE ALSO ASKED ABOUT REALTIONSHIP TO WHEAT COUNCIL DISCUSSIONS AND INTERNATIONAL GRAIN RESERVE PRO-POSAL.

2. POATS REPLIED THAT WE WOULD BE EXPLORING WITH SOVIETS
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FORMAL MULTI-YEAR AGREEMENT WHICH WOULD COMMIT USSR TO TAKE FIXED AMOUNT OF US GRAIN EACH YEAR, WHETHER CURRENTLY NEEDED OR NOT. OUR OBJECTIVES ARE (A) TO REMOVE MAIN SOURCE OF RADICAL SWINGS IN FOREIGN DEMAND FOR US GRAIN; (B) TO GIVE US FARMERS, CONSEQUENTLY, BASIS FOR SAFELY EXPANDING PRODUCTION; (C) TO PROTECT INTERESTS OF JAPAN AND OTHER ESTABLISHED CUSTOMERS BY LIMITING RUSSIAN ENTRY INTO US GRAIN MARKET AND STABILIZING GRAIN PRICES; (D) TO REQUIRE SOVIETS TO CREATE GRAIN RESERVES IN GOOD CROP YEARS. PROPOSED AGREEMENT MIGHT ALSO DIFFER FUNDAMENTALLY FROM ARRANGEMENT WITH JAPAN IN THAT IT MAY INVOLVE A SWAP OF GRAIN FOR OIL AND A SPECIAL SHIPPING ARRANGEMENT, ALTHOUGH OIL ASPECT MORE TENTATIVE. US INTENTION IS TO ADVANCE BY THIS KEY STEP GOAL OF ESTABLISHING NATIONALLY HELD INTERNATIONAL GRAIN RESERVE SYSTEM. KISSINGER

FOOTNOTE: SUBJECT TEL REISSUED WITH UPGRADE IN CLASSIFICATION (CONF VICE LOU) PER STATE 010999

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** CONFIDENTIAL

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Margaret P. Grafeld
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